

Message Text

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SUBJ: MAJOR HIGHWAYS OPPORTUNITY: BIZRI

1. MINISTER OF PUBLIC WORKS BIZRI IN CONVERSATION WITH
AMBASSADOR JANUARY 9 INVITED U.S. INTEREST IN LARGE-
SCALE HIGHWAY DEVELOPMENT PROGRAM FOR LEBANON. BIZRI
DESIRES A U.S. CONSULTANT ABLE TO (1) ADVISE GOL WHETHER
CONSTRUCTION OF HIGHWAY SYSTEM WITH ALL COSTS TO BE
RECOVERED THROUGH TOLLS IS FEASIBLE; (2) ASSUMING
FEASIBILITY, ACCEPT TO CONSTRUCT, OPERATE AND MAINTAIN
HIGHWAY SYSTEM ON A CONCESSIONARY BASIS. BIZRI LEFT OPEN
THE QUESTION OF POSSIBLE GOL FINANCIAL SUPPORT SHOULD
CALCULATIONS SHOW FULL CONSTRUCTION COSTS COULD NOT BE
AMORTIZED BY TOLLS.

2. HIGHWAY SYSTEM: THE MAIN HIGHWAY SYSTEM IS FORESEEN
AS FOUR SEGMENTS: (A) BEIRUT NORTH TO SYRIAN BORDER -
90 KILOMETERS, (B) BEIRUT SOUTH TO ZAHRANI - 40
KILOMETERS, (C) BEIRUT EAST TO SYRIAN BORDER ENROUTE
DAMASCUS - 64 KILOMETERS, (D) BEIRUT BELTWAY - 47
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KILOMETERS. BASIC HIGHWAY WILL BE DIVIDED 6-LANE WITH
6 KILOMETERS OF DIVIDED 8-LANE AND 59 KILOMETERS OF
DIVIDED 4-LANE. NORTHERN AND SOUTHERN SEGMENTS INVOLVE
RIVIERA-LIKE SEMI-MOUNTAINOUS COASTLINE. EASTERN
SEGMENT CROSSES LEBANON RANGE VIA APPROXIMATELY
4900-FOOT ELEVATION PASS NECESSITATING MAJOR BRIDGES,
FIELDS AND A TUNNEL OF 700 METERS LENGTH. TOTAL COST

OF SYSTEM PROJECTED TO EXCEED \$1 BILLION.

3. CONSULTING REQUIREMENT: BIZRI WOULD LIKE A MAJOR U.S. HIGHWAY CONSULTANT/CONTRACTOR TO ADVISE GOL HOW HIGHWAY SYSTEM MIGHT BE BUILT, FINANCED, AND OPERATED SO AS TO MINIMIZE DIRECT EXPENSES TO GOL. BIRZI'S HOPE IS THAT ANALYSIS WOULD SHOW THAT A PRIVATE CONCESSIONAIRE COULD BUILD SYSTEM, INSTALL PETROL STATIONS AND RESTAURANTS (E.G. AS ON THE ITALIAN AUTOSTRADA), OPERATE TOLL BOOTHS, MAINTAIN ROADWAY, AND RECOVER INVESTMENT IN 30-35 YEARS. IDEALLY, FIRM DOING FEASIBILITY STUDY WOULD ITSELF TAKE THE CONCESSION AND CONSTRUCT THE SYSTEM. ALTERNATIVELY, FIRM WOULD ADVISE GOL WHAT PORTION OF COSTS WERE UNRECOVERABLE AND SUGGEST WAYS GOL MIGHT FINANCE THEM.

4. COMMENT: MINISTER BIZRI HAS A VERY HIGH OPINION OF THE U.S. HIGHWAY SYSTEM AND THE ROAD-BUILDING ABILITY OF U.S. FIRMS AND HAS BEEN THINKING FOR MANY MONTHS ABOUT WAYS TO INVOLVE THEM IN RECONSTRUCTION AND DEVELOPMENT OF LEBANON'S HIGHWAY SYSTEM. ALTHOUGH WE HAVE GRAVE DOUBTS ABOUT THE FEASIBILITY OF HAVING A FOREIGN FIRM ACT AS THE OPERATOR OF A TOLL ROAD SYSTEM IN LEBANON, BIZRI'S IDEAS AND PLANS FOR THE DEVELOPMENT OF LEBANON'S HIGHWAYS MAY OFFER PROFITABLE OPPORTUNITIES FOR U.S. ENGINEERING/CONSTRUCTION FIRMS WITH EXPERIENCE IN LIMITED OFFICIAL USE

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THE MIDDLE EAST. WE THEREFORE BELIEVE IT WORTHWHILE FOR APPROPRIATE U.S. COMPANIES TO EXPLORE WITH BIZRI TERMS OF THE FEASIBILITY CONSULTING WORK AND SEEK OPPORTUNITY TO SUPERVISE OR OTHERWISE GET INVOLVED IN OVERALL CONSTRUCTION, REGARDLESS OF ULTIMATE FINANCING ARRANGEMENTS. EVEN A PARTIAL INVOLVEMENT COULD BE LUCRATIVE AND PRODUCE COMMERCIAL OPPORTUNITIES FOR U.S. SUPPLIERS.

5. ACTION REQUESTED: ADDRESSEES BRING BIZRI'S PROPOSAL TO ATTENTION OF QUALIFIED U.S. FIRMS. EMBASSY WOULD BE HAPPY TO ASSIST INTERESTED U.S. FIRMS IN ARRANGING APPOINTMENTS WITH BIZRI.
PARKER

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